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January 20, 2000

Via Hand-Delivery

K. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37219

99-00854

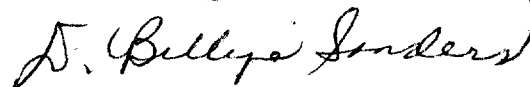
Re: Application of CCCTN d/b/a Connect! for a Certificate of Public Convenience and Necessity to Provide Competing Facilities-Based and Resold Local Telecommunications Services in the State of Tennessee

Dear Mr. Waddell:

Enclosed you will find the original and thirteen (13) copies of Connect!'s responses to data requests from the staff of the Tennessee Regulatory Authority. The pre-filed testimony of Cindy Lee, Manager of Regulatory Affairs of Connect!, is included in this filing. The filing also includes an updated Exhibit D which contains **confidential and proprietary** financial information which is filed under seal. The Applicant respectfully requests that these documents be treated as confidential and not disclosed to the public.

Please contact me if you need additional information.

Sincerely,



D. Billye Sanders

DBS:lmb
w/Enclosures

cc: Erin R. Swansiger, Esq.
Ms. Cindy Lee

FILL

ATTACHMENT 1

99-00854

CCCTN, INC. D/B/A CONNECT!
RESPONSES TO DATA REQUESTS FROM THE TENNESSEE REGULATORY
AUTHORITY

JANUARY 20, 2000

1. **State whether CCCTN, Inc. d/b/a Connect! ("Connect") has ever had any formal consumer complaints lodged against it with any other state commission where it is authorized to operate.**

Response:

Neither Connect! nor any of its affiliates has, to date, had any formal customer complaints filed before any state commission where it is authorized to operate as a telecommunications carrier.

2. **Please review TRA Rule 1220 4-2-.56 and include in the Applicant's IntraLATA Toll Dialing Parity Plan a statement the TRA's rules for PIC freezes and their removal will be followed when lifting PIC freezes.**

Response:

Please see ***Exhibit H***, IntraLATA Toll Dialing Parity Plan of Connect! ("Plan."), to the Company's Application for a Certificate of Public Convenience and Necessity to Provide Competing Facilities-Based and Resold Local Telecommunications Services in the State of Tennessee ("Application"). This Plan has been amended as appropriate to include the above-referenced language.

3. **Please provide, if any, the amount of the incremental costs that the Applicant expects to incur through the implementation of intraLATA toll dialing parity, and identify what such costs are for and how they will be recovered by the Applicant, if applicable.**

Response:

Given its status as a newly-formed CLEC currently operational in only three (3) states, the Company does not expect to incur any incremental costs through the implementation of intraLATA toll dialing parity.

FIL

4. **Please provide the pre-filed testimony of a representative of the Applicant.**

Response:

Please see the Pre-filed Testimony of Cindy Lee, Manager of Regulatory Affairs for Connect!, which is appended to this data request.

5. **Please provide a statement regarding whether any reciprocal compensation is included and/or is expected in the revenue or accounts receivable amounts in the financial statements that have been provided to the TRA. Please indicate the amount, if any, that is applicable to ISP traffic.**

Response:

Yes, reciprocal compensation revenues are included in the Company's 1998 financial statements, which were submitted as ***Exhibit D*** to the Company's Application, as well as in the Company's Three-Year Projected Financial Statements, which were submitted as ***Exhibit E*** to the Company's Application. Approximately seventy percent (70%) of the Company's 1998 reciprocal compensation revenues, as well as seventy percent (70%) of the Company's three-year projected reciprocal compensation revenues are attributable to ISP traffic.

6. **Please provide 1999 year-to-date balance sheets, cash flows or income statements.**

Response:

Please see ***Exhibit D***, appended hereto, which has been supplemented to include 1999 year-to-date consolidated financial statements (including Cash Flow Statement, Balance Sheet and Income Statement) of Connect! and its affiliate companies. The parent company of all of these companies is Connect Holdings Corporation ("Connect Holdings"). A revised Corporate Structure Chart, which was appended to the Application as ***Exhibit C***, is attached hereto. This revised Chart depicts a recent change in the Company's corporate structure, whereby Connect Communications Corp. ("CCC") became a wholly-owned subsidiary of Connect Holdings. At the time of the filing of the Application, CCC was a sister/affiliate company of Connect Holdings.

7. **Please provide information as to how the Applicant intends to cover the projected net income loss for the year-end 2000, as contemplated in its projected financial statements.**

Response:

The projected net income loss for the year 2000 will be covered by funding from the current owner of CCC, Ted Snider, Jr. and \$18.75 million in equipment and working capital financing obtained from Lucent Technologies, as well as by funding by potential equity investors in CCC. Moreover, in the year 2000 or 2001, the CCC intends to engage in a high yield debt offering, as well as in an initial public offering of the Company. Finally, the Company expects

the projected net income loss for the year 2000 to be partially offset by cash flow received from increasing numbers of profitable points of presence (“POPs”) in areas in which the Company is currently operational, including Arkansas, Rhode Island and Utah.

VERIFICATION

State of Arkansas)
County of Pulaski) ss.

Cindy Lee, Affiant, being duly sworn according to law, deposes and says that:

She is the **Manager of Regulatory Affairs** (Office of Affiant) of CCCTN, Inc. d/b/a Connect!

That she is authorized to testify on behalf of said corporation;

That she has caused the foregoing responses to data requests submitted by the Tennessee Regulatory Authority ("TRA") to be prepared on her behalf, that she has read the foregoing responses and knows the contents thereof, and that, to the best of her knowledge, information, and belief, the statements and information contained in these responses are true and correct.

Ramona M. Maxwell, Notary Public
Pulaski County, Arkansas
My Commission Expires 3/7/2005

Cindy Lee
Cindy Lee,
Manager of Regulatory Affairs
CCCTN d/b/a Connect!

Sworn and subscribed before me this 18 day of January, 19 00

Ramona Maxwell

EXHIBIT C

AMENDED CORPORATE STRUCTURE CHART

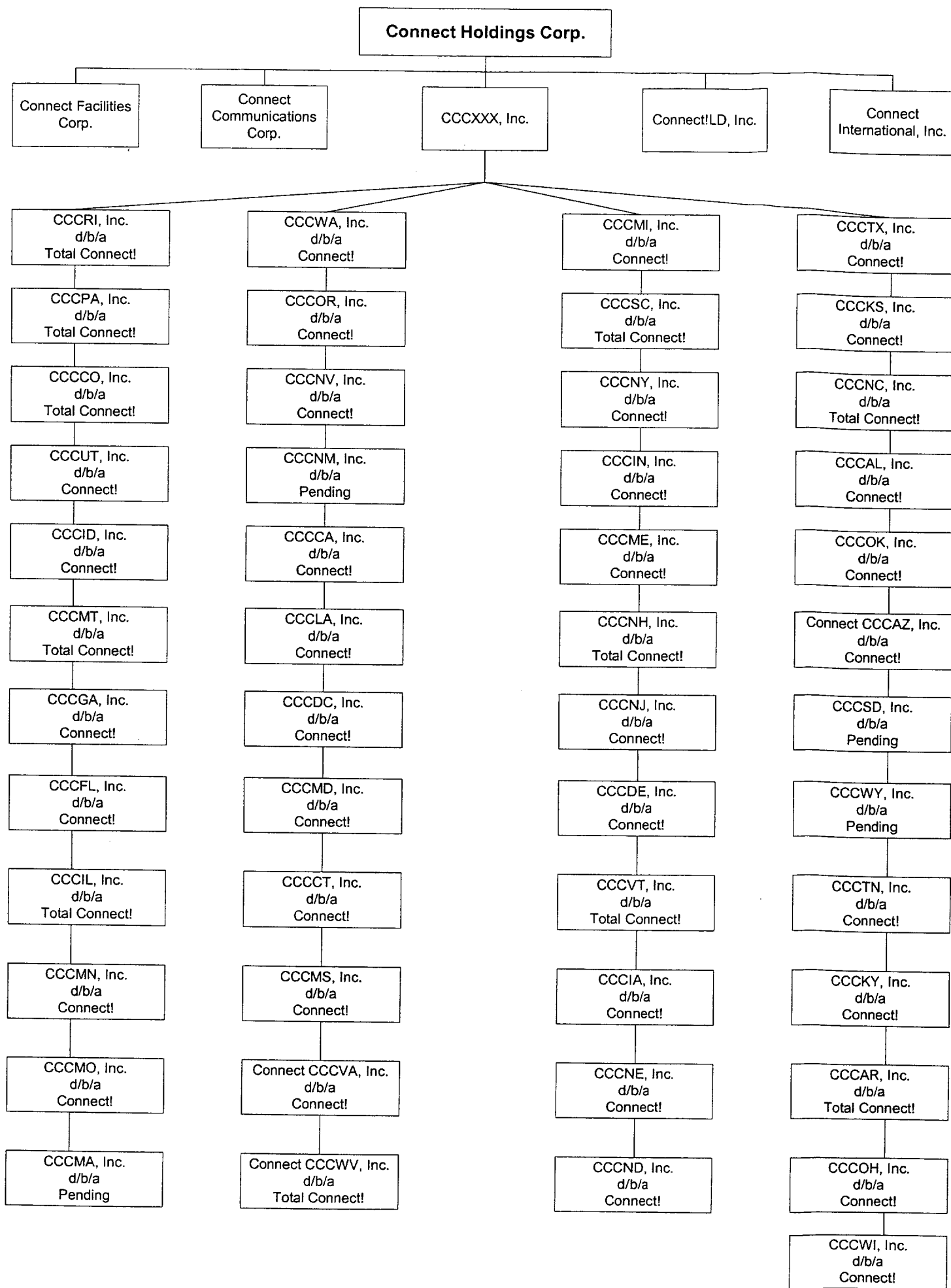


EXHIBIT D

1999 CONSOLIDATED FINANCIAL STATEMENTS

[CONFIDENTIAL AND PROPRIETARY –FILED UNDER SEAL]

EXHIBIT D

CASH FLOW STATEMENT

[CONFIDENTIAL AND PROPRIETARY – FILED UNDER SEAL]

EXHIBIT D

BALANCE SHEET

[CONFIDENTIAL AND PROPRIETARY –FILED UNDER SEAL]

EXHIBIT D

INCOME STATEMENT

[CONFIDENTIAL AND PROPRIETARY – FILED UNDER SEAL]

EXHIBIT H

AMENDED INTRA LATA TOLL DIALING PARITY PLAN

**AMENDED INTRA LATA TOLL DIALING PARITY PLAN OF
CCCTN, INC., D/B/A CONNECT!**

CCCTN, Inc., d/b/a Connect! ("Connect!") hereby respectfully files this IntraLata Toll Dialing Parity Plan ("Plan") in conformity with the Tennessee Regulatory Authority's ("TRA's") *Order Approving the IntraLATA Toll Dialing Parity Implementation Plan*, Docket No. 99-00346 (Oct. 1, 1999), and the Federal Communications Commission's ("FCC") Order in *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Petition of Southwestern Bell Telephone Company, Pacific Bell, and Nevada Bell for Expedited Declaratory Ruling on Interstate IntraLATA Dialing Parity or, in the Alternative, Various Other Relief*, CC Docket No. 096-98, NSD File No. 98-121 (rel. Mar. 23, 1999). This Plan sets forth Connect!'s proposal for providing intraLATA parity within the State of Tennessee for customers subscribing to Connect!'s services.

APPLICABILITY: This plan for providing dialing parity is intended to apply to all dial-tone lines provisioned by Connect! in the State of Tennessee.

AVAILABILITY: Connect! will provide full 2-PIC dialing parity in all exchanges in each LATA in which Connect! provides services in Tennessee. A list of the specific exchanges that will be served by Connect! in Tennessee is appended hereto as Attachment 1.

IMPLEMENTATION DATE: Following the TRA's approval of its Application for a Certificate of Public Convenience and Necessity to provide competing local exchange telecommunications services in the State of Tennessee ("Application"), to which this Plan is appended as *Exhibit H*,

distance service will not default to Connect!LD. Instead, the customer would be permitted to make use of the services of dial-around carriers for its long distance needs.

Connect! will accept Letters of Authorization that conform to the FCC's requirements as set forth in 47 C.F.R. § 64.1160.

Connect! will treat all competing carriers on a non-discriminatory basis. To this end, Connect! will maintain a list of available toll carriers and keep it updated, and will process a customer's PIC change to a toll carrier other than Connect! in the same fashion and in the same time frames as a request to presubscribe to itself.

DIALING PLAN: The following matrix outlines the proposed routing of calls by Connect!:

0	Connect! local and Toll Operator Service.
1+10 digits	Direct-dial to presubscribed intraLATA Toll Provider or interLATA Toll Provider (depending on 10-digit number dialed).
0+10 digits	Dial to presubscribed intraLATA Toll Provider or interLATA Toll Provider Operator Service (depending on 10 digit number dialed).
1010xxx +1+10 digits	Dial-around presubscribed intraLATA or interLATA Toll Provider to direct-dial to alternate Toll Provider (identified by code used in xxx portion of dialing request).

PRESUBSCRIPTION INFORMATION

GENERAL APPLICATION: Connect! will neither initiate nor accept presubscription requests except in accordance with the rules prescribed by the FCC in 47 C.F.R. §§ 64.1100, 64.1150 and 64.1160, and any additional rules enacted by the TRA.

Connect! will implement this Plan so that it will be in place prior to the time that Connect! begins the provision of service to Customers in Tennessee.

METHODOLOGY: Connect! will provide full 2-PIC (intraLATA and interLATA toll) dialing parity, allowing Connect!'s new and existing customers to pre-subscribe to one carrier for all interLATA calls, and to the same or another carrier for all intraLATA toll calls. A maximum of one interLATA interexchange carrier ("IXC") and one intraLATA IXC may be selected.

TECHNICAL IMPLEMENTATION: Connect! will offer dialing parity for all toll calls. Each customer requesting local exchange service from Connect! will be given the opportunity to affirmatively select a presubscribed carrier of the customer's own choosing for intraLATA toll and interexchange toll calls. This will allow a customer to presubscribe to its preferred carrier for intraLATA toll calls, and to the same or a different carrier for interLATA toll calls, be it Connect!LD or another carrier.

BUSINESS OFFICE PRACTICES/ANTI-SLAMMING PROCEDURES: Connect! will ensure that all customers are aware that they have a choice of intraLATA, as well as interLATA, toll carriers. Each customer will be given the opportunity to affirmatively select an intraLATA and interLATA toll carrier, after which time the customer will be able to verify its selection, at any time, by dialing a toll-free number. Connect! will respond to Customer requests for information about other intraLATA carriers in a competitively-neutral fashion. If a new customer does not select a service package that includes Connect!LD's long distance service, the customer's long

ASSIGNMENT OF NO-PIC: If a new Customer or Customer ordering an additional line does not select an presubscribed IXC, the Customer's long distance service will not default to any IXC. Instead, under such circumstances, the Customer will be assigned a "NO-PIC" and will be required to make use of the services of dial-around carriers for its long distance needs (*i.e.* the Customer will have to dial an access code to make intraLATA toll calls).

FREE PRESUBSCRIPTION SELECTION PERIOD: The Company has no existing customers at this time. New Customers or Customers ordering a second line from Connect! will have an opportunity to select an intraLATA toll carrier at the time their service order is placed. If a Customer cannot decide upon an intraLATA toll carrier at this time, they will be assigned a NO-PIC designation, and will have thirty (30) days from the date they order local exchange service from Connect! to select an intraLATA toll carrier. Customers may make their selection either by contacting the Company or the ITSP directly. The Customer's initial free PIC selection must be made within the thirty (30) days of subscribing to the Company's service. Customers may make only one (1) free selection during this period.

PIC CHANGE CHARGE: After the end of the grace period, there will be a \$5.00 PIC-change charge for each PIC change requested. This charge will be waived for one time only during the initial grace period referenced herein.

PIC FREEZE OPTION AND CHARGE: PIC-freeze options may be provided to requesting customers at any time. As of this date, Connect! has not yet determined the Customer charge for the PIC-freeze option. Pursuant to TRA Rule 1220-4-2-.56 (13), Connect! will assess no PIC-

freeze charge on a Customer until the Company has received approval from the TRA for such charge, and will send a confirmation letter to all Customers who have selected to freeze their intraLATA carrier selection. This confirmation letter will contain a statement that a carrier freeze has been applied to the jurisdiction/service/telephone number account, the name of the carrier to which the freeze applies, and instructions regarding how the Customer may remove the PIC-freeze from their service. The Company will also make available, to any TRA-certified local exchange carrier, upon request, an entire listing of all of its Customers who have selected the PIC-freeze option. The identification of the specific intraLATA toll carrier selected by each Customer shall be redacted from such list.

MARKETING OF PIC FREEZES: Connect! will not market intraLATA PIC freezes within the initial thirty (30) day grace period.

PIC FREEZE REMOVAL: PIC freezes may be removed through the use of a three-way call between the Customer, the Company and the submitting intraLATA toll carrier. All carriers involved must comply fully with the FCC's procedures for lifting PIC-freezes, as set forth in 47 C.F.R. §64.1190(e) (*i.e.* independent third party verification, written letters of agency, electronic authorization), as well as the procedures established by TRA Rule 1220-4-2-.56 (13).

CARRIER INFORMATION

Competing interexchange carriers ("IXCs") will have the option of offering intraLATA service only or both intraLATA and interLATA service to Connect!'s customers. Such carriers will have the option of participating in any of Connect! local calling areas. Connect! follows standard industry procedures for the transport of long distance traffic, both intraLATA and

interLATA, via the carrier notification process. Connect! will not participate in billing disputes between alternative competing IXC's or intraLATA toll carriers and the customers of such carriers.

COST RECOVERY PLAN:

At this point, and given the fact that Connect! is not yet operational outside of the States of Arkansas, Rhode Island and Utah, the Company has no cost recovery plan in place. All dialing parity costs eventually recovered by Connect! will be competitively-neutral, in accordance with the guiding principles set forth in the FCC's *Dialing Parity Implementation Order*, and will conform to any specific cost-requirements or allocators for dialing parity that may be established by the TRA.

STATEMENT OF COMPLIANCE: Connect! will comply fully with all rules of the FCC and the TRA regarding intraLATA toll dialing parity and slamming.

CONCLUSION: Connect! respectfully requests that the TRA approve its proposed plan for providing intraLATA toll dialing parity in the State of Tennessee.

ATTACHMENT 1

LIST OF EXCHANGES TO BE SERVED BY CONNECT!

**Athens
Chattanooga
Clarksville
Cleveland
Columbia
Franklin
Jackson
Knoxville
Lebanon
Maryville
Memphis
Morristown
Murfreesboro
Nashville
Oak Ridge
Shelbyville**

STATE OF TENNESSEE

BEFORE THE TENNESSEE REGULATORY AUTHORITY

In re Application of)	
)	
CCCTN, INC., D/B/A CONNECT!)	
)	Docket No.
For a Certificate of Public Convenience)	
And Necessity to Provide Competing)	
Facilities-Based and Resold Local)	
Telecommunications Services)	
In the State of Tennessee)	

PRE-FILED TESTIMONY OF

CINDY LEE
MANAGER OF REGULATORY AFFAIRS
CCCTN, INC. D/B/A CONNECT!

**DIRECT TESTIMONY OF CINDY LEE
ON BEHALF OF CCCTN, INC. D/B/A CONNECT!**

INTRODUCTION

Q. Please state your name, title and business address and telephone number for the record.

A. My name is Cindy Lee. I am the Manager of Regulatory Affairs for CCCTN, Inc. d/b/a Connect! ("Connect!" "Company" or "Applicant"). My business address is 124 W. Capitol, Suite 250, Little Rock, Arkansas 72201. My telephone number is (501) 401-7760.

Q. Please give a brief description of your background and experience.

A. I have 13 years regulatory experience, and a Bachelor of Business Administration in Finance from Dallas Baptist University in Dallas, Texas. I was employed by Central and South West Corporation as Manager of Litigation and Regulatory Support. Before joining Connect!, I served as Project Coordinator for AT&T for the implementation of the AT&T/SunCom network in Arkansas. As Manager of Regulatory Affairs for Connect!, I am responsible for the Company's local, state and federal certification and compliance and interconnection contract negotiations. In addition, I am also responsible for addressing regulatory compliance issues arising from marketing, operations, billing and customer service.

PURPOSE AND SUMMARY

Q. Have you provided testimony before the Tennessee Regulatory Authority ("TRA") on any other occasion?

A. No, I have not.

Q. On whose behalf are you testifying in this proceeding?

A. I am testifying on behalf of Connect!

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to support the Application of Connect! for the authority to provide facilities-based and resold local exchange telecommunications services in the

**DIRECT TESTIMONY OF CINDY LEE
ON BEHALF OF CCCTN, INC. D/B/A CONNECT!**

State of Tennessee ("Application") by presenting evidence regarding the corporate authority and the financial, managerial and technical capabilities of Connect!, describing its proposed services, and discussing the benefits of Connect!'s proposed services for members of the Tennessee public.

Q. Please summarize the main points of your testimony.

A. My testimony will address the following key issues:

- A description of Application;
- A description of Applicant;
- A description of Applicant's financial qualifications;
- A description of Applicant's managerial qualifications;
- A description of Applicant's customer service qualifications;
- The reasons why approval of this Application is in the public interest;

APPLICATION AND AMENDMENTS

Q. Are you familiar with the Application that Connect! filed with the TRA on November 11, 1999 for a Certificate of Public Convenience and Necessity to Provide Competing Facilities-Based and Resold Local Exchange Telecommunications Services in the State of Tennessee (as supplemented on January 20, 2000)?

A. Yes.

Q. Do you ratify and confirm the statements that are made in Connect!'s application and supplement thereto?

A. Yes.

Q. Do you wish to make any changes to any statements that are made in Connect!'s application and supplement thereto?

A. Yes. At the time that the Application was filed, Connect Holdings Corporation ("Connect Holdings") was a sister company of Connect Communications Corp. ("CCC"), as was represented in the Application. Since that time, CCC has become a wholly-

**DIRECT TESTIMONY OF CINDY LEE
ON BEHALF OF CCCTN, INC. D/B/A CONNECT!**

owned subsidiary of Connect Holdings. For further information, please see the Company's *Consent to Action*, which is appended hereto, as well as *amended Exhibit B*, the Company's Corporate Organizational Chart, which has been filed with the Company's responses to the TRA's data requests. These responses have been filed concurrently with this testimony.

Q. Are there any other changes that you wish to make to any statements that are made in Connect!'s application and supplement thereto?

A. No.

Q. Please describe the authority that Connect! seeks by its Application.

A. Connect! seeks a certificate of public convenience and necessity to provide facilities-based and resold local exchange telecommunications services in the exchanges of BellSouth Communications, Inc. ("BellSouth") in the State of Tennessee. Connect! intends to offer a full range of facilities-based and resold local exchange telecommunications services to business and residential customers in the BellSouth exchanges, including: (1) originating and terminating local exchange access services to single-line and multi-line customers (including basic residential and business lines, direct inward/outward PBX trunk service and Centrex services and ISDN); (2) "Plain Old Telephone Service" ("POTS") -- dial-tone/voice service to end user customers; (3) high-speed data transmission services, including Digital Subscriber Line ("DSL") and Asynchronous Transfer Mode ("ATM"), as well as dial-up data transmission services, (4) Internet access; (5) Multi Point-to-Point Protocol ("PPP"); and switched and special access/dedicated service offerings to other common carriers.

Q. Is Connect! incorporated in the State of Tennessee?

A. Yes. A copy of Connect!'s Charter/Articles of Incorporation for Tennessee, dated

**DIRECT TESTIMONY OF CINDY LEE
ON BEHALF OF CCCTN, INC. D/B/A CONNECT!**

February 4, 1999, is attached as *Exhibit A* to its Application.

Q. Please provide a brief description of the Applicant and its corporate structure.

A. Connect! is a privately-held corporation organized under the laws of the State of Tennessee, organized to provide both local exchange telecommunications services initially to business customers, and, eventually, to residential customers, in the State of Tennessee. Connect! is a wholly-owned subsidiary of Connect Holdings Corporation, a Nevada corporation. Connect Holdings also is the parent company of CCC, an Arkansas corporation. Connect! will rely upon its affiliate company, CCC, for all financial, technical and managerial support. Connect! will provide service to business customers in Tennessee through the resale of services and facilities provided by underlying facilities-based local exchange carriers located in Tennessee, as well as through the use of facilities and equipment that will be deployed by Connect!, and/or through some combination thereof. Through its affiliate, Connect!LD, Inc., a Nevada corporation, the Company also plans to offer full range of switched-based resold interexchange services, using its own switches. A separate application requesting the authority to provide competing switch-based resold interexchange services in Tennessee was filed concurrently with this Application.

Q. Has the Company applied for any other telecommunications authority from this Commission?

A. No.

Q. Does Connect! and/or its affiliates hold Certificates of Authority in other jurisdictions?

A. Yes. As of this date, CCC's affiliates are authorized to provide resold and facilities-based

**DIRECT TESTIMONY OF CINDY LEE
ON BEHALF OF CCCTN, INC. D/B/A CONNECT!**

local exchange services, by virtue of certification, registration or tariff requirements, or on a deregulated basis, in the following twenty-seven (27) states: Alabama, Arkansas, California, Colorado, District of Columbia, Florida, Idaho, Iowa, Kansas, Louisiana, Massachusetts, Michigan, Missouri, Montana, Nevada, New Hampshire, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Texas, Utah, Washington and Wisconsin. CCC's affiliates currently are in the process of obtaining authority to provide resold and facilities-based local exchange services in the following twenty-two (22) states and territories: Arizona, Connecticut, Delaware, Georgia, Illinois, Indiana, Kentucky, Maine, Maryland, Minnesota, Mississippi, Nebraska, New Jersey, New Mexico, North Dakota, Ohio, Oklahoma, Tennessee, Vermont, Virginia, West Virginia and Wyoming. In addition, CCC's affiliate Connect!LD, Inc. is authorized to provide switched-based resold interexchange services, by virtue of certification, registration or tariff requirements, or on a deregulated basis, in the following twenty-two (22) states: Arkansas, California, Colorado, Florida, Idaho, Indiana, Iowa, Massachusetts, Michigan, Missouri, Montana, Nevada, New Hampshire, New Mexico, Oregon, Pennsylvania, Rhode Island, South Carolina, Texas, Utah, Washington, and Wisconsin. Furthermore, Connect!LD currently is in the process of obtaining authority to provide switched-based resold interexchange service in the following twenty-eight (26) states: Alabama, Arizona, Connecticut, Delaware, Georgia, Illinois, Kansas, Kentucky, Louisiana, Maine, Maryland, Minnesota, Mississippi, Nebraska, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee, Vermont, Virginia, West Virginia and Wyoming. Through its affiliates, CCC currently provides local exchange telecommunications service to

**DIRECT TESTIMONY OF CINDY LEE
ON BEHALF OF CCCTN, INC. D/B/A CONNECT!**

customers in Arkansas and Rhode Island and Utah. Connect! is not yet operational in any other state.

Q. Has Connect! entered into an interconnection agreement with BellSouth or any other incumbent local exchange carrier in Tennessee?

A. Yes. On 6/12/99, Connect! signed an interconnection agreement with BellSouth. Connect! has asked BellSouth to submit this agreement to the TRA as soon as Connect!'s CLEC application has been approved by the TRA.

Q. How will Connect!'s customers contact the Company regarding trouble reports, billing errors and complaints?

A. Connect!'s customer service center will be staffed by fully-trained customer service representatives who will be prepared to assist its customers with service, service quality, maintenance and billing issues. The Company's toll-free number for customer services, which is available 24 hours a day, seven (7) days a week, is (877) 200-5022. Alternatively, customers may communicate billing questions or concerns to Connect! customer service representatives in writing by sending correspondence to the attention of:

Glenda Bunch, Customer Service Manager
CCCTN, Inc. d/b/a Connect!
124 W. Capitol, Suite 250
Little Rock, Arkansas 72201

Q. Does the Applicant have a business office in Tennessee?

A. No, as of this date, Connect! has not yet established a business office in Tennessee. However, as indicated in Connect!'s Articles of Incorporation, submitted as *Exhibit A* to Connect!'s Application, the company maintains a registered agent, CT Corporation Systems, in Knoxville, Tennessee.

**DIRECT TESTIMONY OF CINDY LEE
ON BEHALF OF CCCTN, INC. D/B/A CONNECT!**

Q. Does the Applicant have a Small and Minority-Owned Telecommunications Business Participation Plan in the State of Tennessee, as required by T.C.A. § 65-5-212?

A. Yes. Connect! submitted a Small and Minority-Owned Telecommunications Business Participation Plan to the TRA as *Exhibit G* to its Application.

FINANCIAL QUALIFICATIONS

Q. Is Connect! financially qualified to provide the services it proposes to offer within the State of Tennessee?

A. Yes. As demonstrated by *Exhibits D, E and F* to its Application (as supplemented by the 1999 consolidated financial statements, projected financial statements, and further information regarding notes issued, filed with the TRA on January 20, 2000 in response to the TRA's data requests), Connect! has access to the financing and capital necessary to operate as a provider of facilities-based and resold local exchange telecommunications services in the State of Tennessee. As a start-up company, Connect! has no significant financial history, and currently is in the process of making enormous network investments, as well as securing vendors for the equipment and construction of its network. However, as the Company's consolidated 1999 financial statements clearly demonstrate, Connect! has ample capital to compete effectively in the market for competitive local exchange telecommunications services in Tennessee. Moreover, as the Company has asserted in its supplemental filing with the TRA, any net income losses projected for its Tennessee operations in the next few years (due to initial capital expenditures) will be covered by the Company's owners and potential investors.

MANAGERIAL QUALIFICATIONS

Q. Is Connect! managerially qualified to provide the services it proposes within the State of Tennessee?

**DIRECT TESTIMONY OF CINDY LEE
ON BEHALF OF CCCTN, INC. D/B/A CONNECT!**

A. Yes. As demonstrated by the executive profiles of Connect!'s management team contained in *Exhibit C* of its Application, Connect! is managerially qualified to provide the services proposed in its Application. Because the Applicant is a start-up company, it will rely upon the corporate management personnel of its sister company, CCC, for technical and managerial expertise. The Company's management team includes individuals with substantial experience in successfully developing, growing and operating telecommunications businesses. As a result, Connect! will be managed by persons with extensive experience in the telecommunications industry. This expertise in the telecommunications industry makes Connect!'s management team well-qualified to construct, operate and manage Connect!'s local exchange networks in Tennessee.

Q. Is Connect! technically qualified to provide the services it proposes within the State of Tennessee?

A. Yes. The Company's state-of-the-art network (which employs use Lucent TNT/ASG data switches and Mitel GX5000 voice switches and related equipment for its Tennessee operations) will enable Connect! to offer advanced telecommunications service offerings of the highest quality to its business and residential customers in Tennessee.

Q. Briefly describe how approval of Connect!'s Application is in the public interest.

A. Approval of Connect!'s Application is in the public interest for several reasons. First, such approval is in the public interest because, as demonstrated both in the Application and in this testimony, Connect! is well-qualified, financially, managerially and technologically, to serve as a competitive facilities-based and resold local exchange carrier in the State of Tennessee. Second, approval of Connect!'s Application will increase competition in the market for business telecommunications services in the State of Tennessee, leading to downward pressure on prices, more innovative service offerings, and better overall service quality for Tennessee customers.

**DIRECT TESTIMONY OF CINDY LEE
ON BEHALF OF CCCTN, INC. D/B/A CONNECT!**

Q. Does this conclude your testimony at this time?

A. Yes, it does.

VERIFICATION

State of Arkansas)
County of Pulaski) ss.

Cindy Lee, Affiant, being duly sworn according to law, deposes and says that:

She is the **Manager of Regulatory Affairs** (Office of Affiant) of CCCTN, Inc. d/b/a Connect!

That she is authorized to testify on behalf of said corporation;

That she has caused the foregoing written testimony to be prepared on her behalf, that she has read the foregoing testimony and knows the contents thereof, and that, to the best of her knowledge, information, and belief, the statements and information contained in this testimony are true and correct.

Ran...well, **Notary Public**
Pulaski, **Arkansas**
My Commission Expires **3/7/2005**

Cindy Lee
Cindy Lee,
Manager of Regulatory Affairs
CCCTN d/b/a Connect!

Sworn and subscribed before me this

18 day of January, 1900

Ramona Maxwell

CONSENT TO ACTION

**UNANIMOUS CONSENT TO CORPORATE ACTION
WITHOUT A MEETING OF THE
DIRECTORS AND SHAREHOLDERS OF
Connect Communication Corporation**

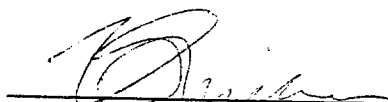
The undersigned, constituting the sole director and sole shareholder, respectively of Connect Communications Corporation, an Arkansas corporation, pursuant to the provisions of the general corporation law, do hereby consent to and approve the following actions without a meeting:

RESOLVED, that the Corporation elect to be treated as a Qualified Sub-Chapter S. Subsidiary within the meaning of Section 1361(b)(3)(B) of the Internal Revenue Code of 1986, as amended, and that the officers of the Corporation be and hereby are directed to take such actions as may be necessary to cause such election to be treated as a Qualified Sub-Chapter S Subsidiary to be prepared and filed with the Internal Revenue Service and take such additional action as may be necessary or helpful in connection with such election.

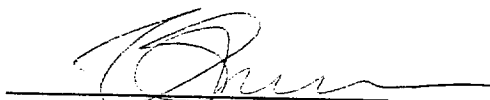
The forgoing action without a meeting shall have the same effect as any action approved at any regular or specially called meeting of the Board of Directors or Shareholders with respect to the subject matter thereof. A copy of this consent action should be placed in the Corporate Record Book and maintained by the Secretary of the Corporation.

IN WITNESS HEREOF, we have executed this Consent to Action Without a Meeting effective December 9, 1999.

BOARD OF DIRECTORS:


Ted L. Snider, Jr.

SHAREHOLDER:
Connect Holding Corporation


Ted L. Snider, Jr.